GOVERNMENT OF MYSORE.

FOOD, CIVIL SUPPLIES AND LABOUR DEPARTMENT.
(Labour)

Labour Dispute :—Industrial Dispute between the workmen and the management of M/s. Veneer Mills, Jalpuri Extension, Mysore.

Award of the Industrial Tribunal, Bangalore—Published.

Read the following papers :—

1. Letter No. I.T. No. 1291-2/67-68, dated 18th November 1967 from Sri A. Panchakshariah, Presiding Officer, Industrial Tribunal, Bangalore.

BEFORE THE INDUSTRIAL TRIBUNAL IN MYSORE. BANGALORE.

Dated 18th November 1967.

Present

Sri A. Panchakshariah, B.A. (Hons.) LL. B., ... *Presiding Officer.*

I. D. No. 41 of 1967.

Workmen of M/s. Veneer Mills, Jalpuri Extension, Mysore.
... ... *I Party*

Vs

Management of M/s. Veneer Mills, Jalpuri Extension, Mysore.
... ... *II Party.*

Appearances.

For the I Party :—Sri T. N. Nagaraj, Advocate, Mysore.

For the II Party :—Sri S. Sreerangachar, Advocate, Mysore.

Reference.

G. O. No. LMA 287 LLD 67, Bangalore, dated 20th June 1967.

AWARD.

On 30th November 1966 the workmen of Veneer Mills, Jalpuri Extension, Mysore, placed several demands before the Management. The Secretary of the Mysore District General Employees' Association raised these demands on behalf of the employees. The II Party *viz.*, the Management of Veneer Mills. Mysore, was notified about these demands by the Assistant Labour Commissioner. The II Party filed several objections to the demands raised by the workmen. Ultimately the matter

could not be solved by the Labour Officer and he submitted a Failure Report to the Government. In turn the Government have referred under Section 10(1)(d) of the Industrial Disputes Act, 1947, these demands for adjudication to this tribunal by their Order No. LMA 287 LLD 67, dated 20th June 1967. All those points which had been raised by the I Party before the Labour Officer have not been referred for adjudication. Only 4 points of dispute have been referred for adjudication. Point of dispute No. 1 is for fixation of the wage scale of skilled workmen, semi-skilled and unskilled workmen as shown in the Order of Reference. The 2nd point is about the claim for Dearness Allowance at the rate of Rs. 50 per month per worker with effect from 1st January 1965 or any other sum. The third point of dispute is regarding claim of House Rent Allowance at the rate of Rs. 15 per month per worker with effect from 1st January 1965 or such other sum as the tribunal deems fit and lastly (4) to extend the benefit of Gratuity Scheme at the rate of one month's wages for every completed year of service whenever a worker is retired, retrenched, dismissed and on voluntary resignation. The dispute was registered as I.D. No. 41 of 1967 and notices were issued to both the parties. The I Party filed a claim statement on 25th July 1967.

2. In the course of the Claim statemant the I Party workmen have contended that their has been substantial rise in the cost of living in Mysore City as elsewhere and the wage scales in the II Party remained unaltered for a number of years. The II Party's financial capacity to bear the burden under the proposed wage structure will not be affected to its detriment as the rates of wages in similar and like concerns in the area in question are more or less the same. The existing pay scales in the II Party's factory are not all sufficient for the minimum requirements of the workmen for even a bear subsistence. The wages are unduly low compared to the cost of living index which has shot up very high. The I Party workers are in a miserable condition without housing facilities to compensate the same or any kind of allowances such as Dearness Allowance etc. The Gratuity Scheme is not in existence as also the Bonus scheme. In comparable industries like Ideal Java and K. R. Mills, existing in the area, fairly high amount is being paid as D.A. in addition to the satisfactory wages. Regarding the financial capacity of the II Party it is urged that it is very sound and it is getting huge profits besides, there is very good market for the goods produced by the II Party and all this is the result of the contribution made by the labour. The need for the revision of scales of pay is all the more great because there is no uniformity in the

pay scales in the II Party factory. The II Party is not providing any medical assistance, much less any financial help of any kind. On the day the claim statement was filed, there were 130 employees in the II party. in the II party has been resorting to unfair labour practice such as suspending the labourers, removing them from service on account of their activities with the Trade Union. Therefore the I party workmen pray that an uniform scale of pay as suggested in the order of Reference may be given effect to from 1st January 1965 and also D. A. at the rate of Rs. 50 per month per head and Rs. 15 per month per worker as House Rent Allowance. The I party has also requested for the introduction of the Gratuity Scheme.

3. The II party filed a Rejoinder on 7th August 1967 refusing most of the allegations made by the I party workmen in the claim statement. The contention that there is wage stagnation in the pay scales is denied. On the other hand wage scales obtaining in the II Party are much better than the scales of pay elsewhere. The factory of the II Party is a small scale industry run by private enterprise with the aid of N. S. I. C., Ltd., and other borrowed capital. This factory cannot be compared with the giant factories like the K. R. Mills or Java Factory. It is contended that with the margin of profits that is available to the II Party, the demands of the I Party cannot be met with. The skilled workers and the semi-skilled workers are actually getting more salary than what the I Party has demanded. Therefore there is no need for any fixation of scales of pay to these workers. The wages paid by the II Party for the unskilled workers are also quite fair and they do not require any revision. In addition to the wages paid, the workmen of the II Party are getting several other benefits such as free lunch, dasara inams, free presentation of clothes etc., Formerly the management was giving the workers free luch but due to the increase in prices of food stuffs and scarecity of and non-availabilitiy the free lunch has been stopped, but in its place unskilled workers are paid Rs. 2-70 per week. The workers are also paid Attendance Allowance in addition to this Food Allowance. Regarding financial position of this company it is none to happy. The factory owes about 7 lakhs of rupees by way of loans borrowed. It is only since 1965-66 it has begun to earn profits. Previous to that right from the start in 1959-60 it was sustaining losses. It is denied by the II Party that there were 130 workers in the factory. The number of workers at present is only 63 including skilled, semi-skilled and un-skilled workers and the factory has not done anything prejudicial to the labourers for their activities of the Union. Taking into consideration other benefits which are

extended to the employees of factory, there is no necessity to pay them any D.A. and the demand put forward by the I Party at the rate of Rs. 50 per month per worker is very exhorbitant and very unreasonable and the finances of the II Party are not in a position to bear this burden. Similarly the I Party workmen are not entitled to any House Rent Allowance. The demand for introduction of Gratuity Scheme is also negatived. In short, the II Party prays for rejection of these demands. A reply is filed by the I Party workmen denying the allegations in the counter statement of the II Party and re-affirming the allegations in the claim statement.

4. On these pleadings two issues have been framed by me. One is with regard to the financial capacity of the II Party to meet these demands and the 2nd is the general issue. The case was taken up for recording or evidence at my Mysore Camp on 6th October 1967 when the I Party examined six witnssses. on 14th November 1967 again the recording of evidence was continued. On that day the I Party examined two witnesses and closed the case. The II Party examined three witnesses on 14th November 1967 and one witness on 15th November 1967, and closed the case.

5. The II Party prayed for permission to engage a counsel. The I Party had no objection for the II Party engaging a counsel. Accordingly Sri S. Sreerangachar an Advocate of the Mysore Bar appeard for the II Party and conducted the case, while on behalf of the I Party Sri T.N. Nagaraj who is also an advocate and President of the Union, conducted the case for the workmen.

6. When the case was taken up for arguments, Sri Nagaraj appearing for the I Party workmen made a submission that the scales of pay as now existing in the II Party regarding the skilled workmen may be retained as such and they may not be disturbed. He therefore requested that there may be a revision of the scales of pay with regard to the semi-skilled and unskilled workers only as mentioned in the Order of Reference. This includes the daily-rated workers also. It is admitted by both the parties that at present there are 62 workmen remaining with the II Party. A bach of 48 workers have been removed in three instalments. That forms the subject matter of a dispute before the Labour Court. Out of these 62 workers, 12 are skilled workers and 9 are semi-skilled and the rest are unskilled. Besides, there are the Staff Members also making altogether 62 workers. The II Party has filed some documents including the Balance sheets, Trading Account for the year ending with 31st March 1964 to 31st

March 1966. They are Exhibits M8, M10 and M11. The II Party has also filed a list of Employees at present and the various emoluments given to them. They are Exhibits M5, M6 and M7. Since Mr. Nagaraj has submitted that the wages scales with regard to the skilled workers need not be touched and they may remain as they are, I confine myself only to the semi-skilled and unskilled workers. The demand of the workmen with regard to the semi-skilled is that they should be started on a salary of Rs. 90 with a scale of 90—6—120 and for the unskilled workers the scale should Rs. 60—3—75. One peculiar feature with the II Party that there is no uniform scale of pay either to the skilled or to the unskilled, much less the semi-skilled workers. It looks as though it is purely left to the fancy of the II Party to pay anything it chooses to the three categories of the employees. Similarly with regard to increments there does not appear to be any system of giving increments at all to the workers. Whatever may be the other benefits which the II Party says it is giving, and which is denied by the workers, it is absolutely essential in the interest of both the management as well as the labour to know what exactly the management is required to pay and the labour is expecting to get. The pay scale with regard to the Semi-skilled workers as shown in Ex. M5 and M6 appear to be very low. The starting pay in regard to 3 persons is only Rs. 47 while with regard to the remaining it is Rs. 75, with regard to one person it is Rs. 60 with regard to anoth r Rs. 70 and with regard to the 4th person it is Rs. 57. Such a position ought not to have prevailed in a factory and it will lead to utter confusion. No doubt, according to Ex. M5 and M6 the total emoluments on account of several allowances comes to very nearly the pay scales suggested by the I Party. This is so with respect to the unskilled workers also. I therefore fix the following scales of pay for the semi-skilled and unskilled workers. Semi-skilled will be in grade Rs. 90—6—120 and the unskilled will be in grade Rs. 60—3—75. This will be given effect to from the date of the demand *i.e*, 30th November 1966. The Semi-skilled and the unskilled workers will be fitted into these two grades 90-6-120 and 60—3—75 respectively with effect from 30th November 1966. If the semi-skilled workers have reached the maximum of Rs. 120 by 30th November 1966, they do not get anything. So also with regard to the unskilled workers if they have reached the maximum on 30th November 1966, they would not be entitled to anything more than that. To such of those workers who fall short of the minimum of Rs. 90 on 30th November 1966 that would be made good to bring them to the scale of 90—6—120. So also with regard to the unskilled workers, if any of the

workers have not reached the minimum of Rs. 60 on 30th November 1966 the difference would be made good by the management and he be refixed at Rs. 60.

7. Proceeding to the question of D.A. it was admitted at the time of argument that the D.A. is intended to fill in the gap of insufficient salary. In other words it is intended to neutralise the cost of living. Sri Sreerangachar also admitted that payment of D.A. has become a recognised feature, at any rate during these days of high cost of living. After a good deal of disscussion Sri Sreerangachar appearing for the II Party submitted that the II Party has no objection to pay D.A. to all the employees at the rate of Rs. 30 per month and Sri Nagaraj wanted at least Rs. 40 per month per worker as D.A. A suggestion was made by me, *viz.*, to strike a *via media* between Rs. 30 and Rs. 40/- and both Sri Sreerangachar and Sri Nagaraj agreed to this suggestion of paying Rs. 35 per month per worker as D.A. This was distinctly understood to mean that hence forward the food allowance which the II Party was giving at the rate of Rs. 2·70 per week should be discontinued and the workers will not be entitled to any such food allowance. Accordingly each of the workmen of the II Party including skilled, semi-skilled and unskilled will get Rs. 35 per month per worker as Dearness Allowance with effect from 30th November 1966. It is further understood that this benefit would go only to those workers who are on the Roll on 20th June 1967, *i.e.*, the date of Reference.

8. Regarding House Rent Allowance, both the parties left the matter to the tribunal to decide. I feel that the I Party workmen are not entitled to House Rent Allowance of Rs. 15 per month in view of the fact that they have been given Rs. 35 per month as D.A. However, as payment of Houes Rent Allowance is in vogue in almost all the factories and even in Government Departments, I order that the II Party will pay House Rent Allowance at the rate of Rs. 10 per month per worker irrespective of the fact whether he is a skilled semi skilled or unskilled worker. This will have also have effect from 30th November 1966. There is no justification for giving effect to these benfits from 1st January 1965. 30th November 1966 is the date of demand and therefore Sri Sreerangachar also conceded that the date of demand should be the criterion for giving effect to these demands. Regarding financial capacity of the II party there can be no doubt whatsoever that the balance sheets produced in the case speak volumes of the profits which the II Party is making every year, so also the volume of business which has increased every year, also the volume of business which has increased from the year

1963-64. Ex. M9 is the Trading Account for the year ending 31st March 1964. During that year the II Party has made a gross profit of Rs. 1,62,120/- and the sales of Plywood was to the tune of Rs. 7,44,657. The net profit for the year is Rs. 54,569.95. Ex. M10 is the Trading Account for the year ending 31st March 1965. During that year the sales of Plywood amounted to Rs. 6,86,948.05 and the Gross profit made during that year comes to Rs. 2,16,265/-. As per Ex. M11 the net profit comes to Rs. 60,823,38. Ex. M8 is the Trading account for the year ending 31st March 1966. The Plywcod sale during that year is Rs. 9,51,898-64 and the gross profit made during that year comes to Rs. 2.16,265. The net profit made during that year comes to Rs. 48,890.64. These figures will indicate that the II Party is making huge profits! At any rate for purposes of determining the D.A. it is the gross profit that should be taken into consideration. That is also a ruling of the Supreme Court. The total burden on account of the D.A. will not be more than Rs. 2,000 and odd per month. In other words, it will not be more than Rs. 25,000 per year. So far as the House Rent Allowance is concerned, the additional burden will be only about Rs. 600 per month. In other words, it will be about Rs. 7,000 per year. This the flourishing business of the II Party can very well bear. I may also point out here that if these benefits are given, the management will not be in obligation to give presentation during the Dasara or to give Food allowances or dresses. If that is done the II Party would be saving nearly 4 to 5 thousand rupees per year which will again go to reduce the bill on account of D.A.

9. The last demand is with regard to the introduction of the Scheme of Gratuity. I have pointed out above that there are only 62 persons in the employment of the II Party and if the Scheme of Gratuity is introduced it would not certainly unreasonably increase the burden on the II Party. After all there will not be any retirements in a year and even if there be any, there may be only one or two. So that the burden which the II Party is called upon to bear if Gratduity Scheme is introduced will not be very heavy. I therefore order that the II Party will introduce a Scheme of Gratuity to all its workers at the rate of one months wages for every year of service whenever a worker is retired, retrenched, dismissed or voluntarily resigns.

10. In the result I make an award directing the II Party to introduce the scale of pay with regard to the semi-skilled and

unskilled workers at the rate of Rs. 90-6-120 and 60—3—75 respectively with effect from 30th November 1966. I also award that the II Party should pay D. A. to each one of its employees at the rate of Rs. 35 per month with effect from 30th November 1966. Similarly I direct the II Party to pay House Rent Allowance of Rs. 10 per month per worker with effect from 30th November 1966 and lastly I direct the II Party to introduce a Scheme of Gratuity to all its workers at the rate of one month's wages for every completed year of service whenever a worker is retiredt retrenched, dismissed and voluntarily resigns. I also make is clear that these benefits will be available to only those worker, who are on the Roll on 20th June 1967.

11 In the circumstances, each party will bear its own costs.

A. PANCHAKSHARIAH,
Presiding Officer,
Industrial Tribunal.

ORDER

Bangalore, dated 24th November 1967.

S.O. 2270.—WHEREAS by State Government Order No. LMA 287 LLD 67, dated 20th June 1967 the Industrial Dispute between the Workmen and the Management of M/s Veneer Mills, Jalpuri Extension, Mysore, was referred to the Industrial Tribunal, Bangalore for adjudication.

AND WHEREAS the Industrial Tribunal Bangalore has submitted to the State Government its award in respect of the said Industrial Dispute;

NOW, THEREFORE, in exercise of the powers conferred by Section 17 of the Industrial Disputes Act, 1947 (Central Act XIV of 1947), the Government of Mysore, are pleased to direct the publication of the said award as above, in the *Mysore Gazette.*

[No. LMA 287 LLD 67.]

By Order and in the name of the Governor of Mysore,

1506 G. G. PUROHIT, *Under Secy.*